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Message Text

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43
ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 L-03

H-03 PA-04 PRS-01 USIA-15 DRC-01 /143 W
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P R 071722Z MAY 74
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 2341
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY LUXEMBOURG
USMISSION EC BRUSSELS
AMEMBASSY DUBLIN
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE

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DEPARTMENT PASS AGRICULTURE FOR R.E. ANDERSON

E.O. 11652: N/A
TAGS: EAGR, GW
SUBJECT: EC ACTIONS ON POULTRY SURPLUSES.

SUMMARY: THE EC COMMISSION AND EC PRODUCER COUNTRY POULTRY INDUSTRIES HAVE AGREED ON MEASURES TO IMPROVE AND STABILIZE THE EC BROILER MARKET END SUMMER.

1. ON THE INITIATIVE OF THE GERMAN POULTRY INDUSTRY, A NUMBER OF HIGH LEVEL MEETINGS WERE HELD RECENTLY WITH REPRESENTATIVES OF MAJOR POULTRY PRODUCING COUNTRIES IN THE EC, AIMING AT JOINT AND VOLUNTARY ACTION TO LIMIT BROILER PRODUCTION AND THEREBY TO IMPROVE AND STABILIZE THE PRESENT DEPRESSED EC BROILER MARKET SITUATION.
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2. ACCORDING TO PRESS ANNOUNCEMENTS THESE MEETINGS RESULTED IN A VOLUNTARY AGREEMENT BY DENMARK, FRANCE, THE NETHERLANDS AND THE FRG TO TAKE ALL NECESSARY STEPS TO REDUCE BROILER OUTPUT BY A COLLECTIVE TOTAL OF 70,000 METRIC TONS DURING THE REMAINDER OF 1974 . IT IS NOT YET CLEAR AS TO HOW THIS AMOUNT WILL BE APPORTIONED AMONG THE PARTICIPATING COUNTRIES.

3. CONTRARY TO PREVIOUS AGREEMENTS, WHICH WERE MOSTLY LIMITED TO THE FRG AND THE BENELUX COUNTRIES,WILL ONLY LIMITED SUCCESS, IT IS BELIEVED THAT ALL PARTIES WILL MAKE A SERIOUS ATTEMPT THIS TIME TO ACTUALLY REDUCE PRODUCTION BY THE STATED AMOUNT. AT THE MEETINGS, THE INDUSTRY REPRESENTATIVES REPORTEDLY ALSO AGREED ON A VOLUNTARY CONTROL PROGRAM TO ASSURE THAT NONE OF THE COMPETITORS WILL BE ABLE TO DERIVE UNDUE ADVANTAGE FROM THIS PRODUCTION LIMITATION PROGRAM, AS HAD OFTEN BEEN THE CASE IN THE PAST.

4. IN GERMANY THE PROGRAM WILL BE ADMINISTERED BY THE BROILER MEAT STABILIZATION FUND. IN THE NETHERLANDS, THE RESPECTIVE ACTION REPORTEDLY WILL BE LEGALIZED BY A GOVERNMENT ORDINANCE.

5. THE VOLUNTARY PRODUCTION LIMITATION PROGRAM IS FURTHER SUPPORTED BY THE INCREASE IN THE POULTRY EXPORT SUBSIDY RECENTLY APPROVED BY THE COUNCIL OF MINISTERS. THE NEW SUBSIDY FOR CLASS A, B AND C BROILERS AMOUNTS TO 12 UNITS OF ACCOUNT PER 100 KG FOR EXPORTS TO ALL THIRD COUNTRIES AND IS EFFECTIVE 1 MAY 1974. THIS SUBSIDY IS SPECIFICALLY ESTABLISHED TO ALLOW THE EC TO EXPORT EXISTING SURPLUS STOCKS, PRESENTLY ESTIMATED AT ABOUT 50,000 METRIC TONS, INTO THIRD COUNTRIES.

6. ACCORDING TO PRELIMINARY TRADE REPORTS, THE NETHERLANDS HAS ALREADY SIGNED EXPORT CONTRACTS WITH THE USSR AND EGYPT AMOUNTING TO ABOUT 5,000 AND 8,000 METRIC TONS RESPECTIVELY. THE GERMAN INDUSTRY IS REPORTEDLY PRESENTLY NEGOTIATING EXPORT CONTRACTS WITH CERTAIN NEAR EAST COUNTRIES.
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7. THE PRODUCTION LIMITATION PROGRAM IN COMBINATION WITH HIGHER EC EXPORT SUBSIDIES WILL ULTIMATELY RESULT IN TIGHTER SUPPLIES AND HIGHER CONSUMER PRICES DURING THE SUMMER OF 1974. IT IS EXPECTED THAT THIS WILL AGAIN NEGATIVELY AFFECT FRG PER CAPITA POULTRY CONSUMPTION

HILLENBRAND

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